

Charles W. Hingle (#1947)
Robert L. Sterup (#3353)
Shane P. Coleman (#3417)
HOLLAND & HART LLP
401 North 31st Street, Suite 1500
Billings, Montana 59101
Phone: (406) 252-2166
Facsimile: (406) 252-1669
chingle@hollandhart.com
rsterup@hollandhart.com
spcoleman@hollandhart.com

**ATTORNEYS FOR MARC S. KIRSCHNER, AS
TRUSTEE OF THE YELLOWSTONE CLUB
LIQUIDATING TRUST**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MONTANA**

In re:)	Chapter 11
)	
Yellowstone Mountain Club, LLC,)	Case No. 08-61570-11
<u>et al.</u> , ¹)	
)	
Debtors.)	
)	
)	
)	

**FIFTH QUARTERLY STATUS REPORT OF
YELLOWSTONE CLUB LIQUIDATING TRUST**

Marc S. Kirschner, as Trustee of the Yellowstone Club Liquidating Trust (the "Trust"), through his undersigned counsel, and pursuant to Section 5.10 of the Yellowstone Club Liquidating Trust Agreement dated July 17, 2009 (the "Trust Agreement"), makes this status report for the quarter ended September 30, 2010.

¹ The Debtors are the following entities: Yellowstone Mountain Club, LLC, Yellowstone Development, LLC and Big Sky Ridge, LLC, which entities are substantively consolidated, and Yellowstone Club Construction Co., LLC, which is jointly administered with the other Debtors.

1. Summary of Activity. The following is a comprehensive summary of all activity of the Trust for the fifth quarter of the Trust's existence:

- A. assisting with the prosecution of Adversary Proceeding No. 09-00018 (Snow), including conducting and defending discovery, defending numerous pretrial motions and preparing pretrial briefs and other submissions;
- B. preparing tax returns;
- C. investigating, litigating and negotiating settlement of unresolved claims, including several rejected membership claims, access claims and claims for professional services²;
- D. investigating and pursuing potential recoveries from and assisting the Chapter 11 Trustee in *In re Yellowstone Club World, LLC*, Case No. 09-60061, with the sale and distribution of the proceeds of Chateau de Farcheville;
- E. closing the settlement with the Big Springs Realty LLC ("BSR") Chapter 7 Trustee and CrossHarbor Capital Partners, LLC, of the Trust claims against BSR as well as the claims of Desert Ranch LLLP against the Trust;
- F. preparing and arguing a motion to reconsider the August 16 decision in Adversary Proceeding No. 09-00014 (Blixseth) and work in connection with the appeal of the Court's decision in that proceeding;
- G. cooperating and negotiating with the Chapter 11 Trustee in *In re BLX Group, Inc.*, Case No. 09-61893, in connection with the Trust's claims against that estate; and
- H. conferring and meeting with the Trust Advisory Board on all issues affecting the Trust.

2. Summary of Professional Fees. Please see the attached Cash Receipts & Disbursements Activity Report for the preceding quarter.

3. Summary of Cash Receipts and Disbursements of the Trustee. The Trustee received no disbursements during the preceding quarter.

² As of September 30, 2010, only the rejection claim of Robert Sumpter, the membership claims of the Dolan family and the Kleinsasser and Rozon personal injury claims remained unresolved.

4. Summary of Cash Receipts and Disbursements of the Trust. Please see the attached Cash Receipts & Disbursements Activity Report for the preceding quarter.

5. Balance Sheet. A balance sheet for the Trust as of the end of the preceding quarter is attached to this report.

6. Trust Advisory Board. Copies of the foregoing report and each of the attachments have been delivered to each member of the Trust Advisory Board and their Alternates as required by the Trust Agreement.

DATED this 29th day of October, 2010.

/s/ Charles W. Hingle

Charles W. Hingle

HOLLAND & HART LLP

401 North 31st Street, Suite 1500

P.O. Box 639

Billings, Montana 59103-0639

**ATTORNEYS FOR MARC S. KIRSCHNER, AS
TRUSTEE OF THE YELLOWSTONE CLUB
LIQUIDATING TRUST**

YELLOWSTONE CLUB LIQUIDATING TRUST
BALANCE SHEET
AS OF SEPTEMBER 30, 2010 (See Note 1)

Assets	<u>Value</u>	<u>Notes</u>
Cash	\$ 153,128.75	
Cosburn Investments BV (Farcheville)	115,711.85	2
CB Sunrise Interest	Unknown	3
Claims / Causes of Action	Unknown	4
Total Assets	<u>\$ 268,840.60</u>	
Liabilities		5
Accounts Payable	\$ -	
Accrued Professional Fees	194,394.48	6
Advance for Litigation Expenses	31,324.31	7
Liquidation Trust Hotel Management Payables	8,313.00	8
Cosburn Investments BV (Farcheville)	-	2
Total Liabilities	<u>\$ 234,031.79</u>	
Equity		
Equity (Deficit)	<u>\$ 34,808.81</u>	
Total Equity	<u>\$ 34,808.81</u>	
Total Liabilities & Equity	<u>\$ 268,840.60</u>	

Prepared by LECG
For Discussion Purposes Only

YELLOWSTONE CLUB LIQUIDATING TRUST
BALANCE SHEET
AS OF SEPTEMBER 30, 2010 (See Note 1)

Assets	<u>Value</u>	<u>Notes</u>
Cash	\$ 153,128.75	
Cosburn Investments BV (Farcheville)	115,711.85	2
CB Sunrise Interest	Unknown	3
Claims / Causes of Action	Unknown	4
Total Assets	<u>\$ 268,840.60</u>	
Liabilities		5
Accounts Payable	\$ -	
Accrued Professional Fees	194,394.48	6
Advance for Litigation Expenses	31,324.31	7
Liquidation Trust Hotel Management Payables	8,313.00	8
Cosburn Investments BV (Farcheville)	-	2
Total Liabilities	<u>\$ 234,031.79</u>	
Equity		
Equity (Deficit)	<u>\$ 34,808.81</u>	
Total Equity	<u>\$ 34,808.81</u>	
Total Liabilities & Equity	<u>\$ 268,840.60</u>	

Prepared by LECG
For Discussion Purposes Only

**YELLOWSTONE CLUB LIQUIDATING TRUST
NOTES TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2010**

- 1 The assets and amounts shown in this balance sheet are reported at estimated FMV and are for discussion purposes only and are subject to change and update upon receipt of further information.
- 2 The property in Farcheville was recently sold for 9M Euros (this amount does not included the farming property). Upon closing of the French liquidation proceeding, the amount realized by the Trust will be subject to French and possibly Irish liabilities, including the claims of Yellowstone Club World, LLC, and carrying costs. The proceeds will then be used to cover the Trust's expenses related to the sale and the remainder will be distributed to the First Lien Lenders. The amount shown above relates to the total amount paid by the Trust to date that will be reimbursed upon receipt of the proceeds. The receivable and subsequent pay out to the First Lien Lender have been shown at an amount of \$0 in the asset and liability sections above as they will offset each other.
- 3 This asset relates to an 11.5% Class B non-voting membership interest in Sunrise Ridge at Yellowstone Club, LLC. The value of this asset is unknown at this time.
- 4 The value of outstanding or potential claims / causes of action is unknown at this time. On September 7, 2010, the Court issued an Amended Judgment in Adversary Proceeding No. 09-00014 against Timothy L. Blixseth in the amount of \$40,067,962.43. The Trust has appealed the amount of the Amended Judgment and Mr. Blixseth has cross-appealed.
- 5 Under the Plan, funds received after the Effective Date (net of reserves for expenses), including proceeds of litigation, if any, will be paid as follows: First, \$2,000,000 to the Trade Creditor Fund; Second, up to \$15,000,000 to pay CIP Lending or its assignees on account of Allowed Class 4 Claims paid by the Trade Creditor Fund, which amount currently totals \$8,281,216; Third, up to the next \$10,000,000 to pay any Allowed Class 4 Claims; and Fourth, the balance pro rata among all unpaid Allowed Claims, including the Allowed Claims of the Prepetition Agent and the Prepetition Lenders after application of the Equity Purchase Note and the net proceeds of Farcheville, all on a pari passu basis. The BSR Settlement discussed in Note 6, resulted in a \$275,000 credit to the Trade Creditor Fund.
- 6 See attached schedule for a detailed list of accrued professional fees and costs paid by the Trust. This amount does not include fees for the law firms Bailey & Glasser or Mullin Hoard & Brown. Per an Amended and Restated Retainer Agreement as of February 1, 2010, there are no more hourly fees to be paid for these firms for time accrued on or after February 1, 2010. Instead, a revised contingency fee has been agreed to. Expenses will continue to be billed to the Trust on a monthly basis as described in Note 8.
- 7 This amount represents expenses incurred or advanced by the law firms of Bailey & Glasser and Mullin Hoard & Brown in favor of the Trust. These expenses are billed to the Trust on a monthly basis and accrue 8% interest compounded monthly for any overdue amounts. As of September 30, 2010, interest in the amount of \$0 has accrued on past due invoices. This amount is included in the balance above.
- 8 This amount represents the estimated amount of payables that still remain outstanding for Liquidating Trust Hotel Management. These amounts will be paid from the sale proceeds of approximately \$160,000 previously received by the Trust for the sale of the Hidden Village condo unit.

Yellowstone Club Liquidating Trust
Accrued Professional Fees
As of September 30, 2010

Payee	Amount	Description
LECG	\$ 71,610.48	Accounting / Litigation Support Fees and Expenses
Holland & Hart	122,784.00	Legal Fees and Expenses
Total	<u>\$ 194,394.48</u>	

Prepared by LECG

Yellowstone Club Liquidating Trust
Monthly Cash Balance Summary
For the Quarter Ending 9/30/10

ACCOUNT NUMBER	06/30/10 BEGINNING BALANCE	INFLOWS				OUTFLOWS					09/30/10 ENDING BALANCE
		ASSET RECOVERY	INTEREST INCOME	TRANSFERS IN	OTHER SOURCES	OPERATING EXPENSES	ADMIN CLAIMS	PROF. FEES	TRANSFERS OUT	OTHER USES	
2130141008	\$ 89,378	\$ 1,000,000	\$ 48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (936,297)	\$ -	\$ 153,129
2130141059	569	-	-	936,297	-	(569)	-	(931,416)	-	(4,880)	0
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 89,967	\$ 1,000,000	\$ 48	\$ 936,297	\$ -	\$ (569)	\$ -	\$ (931,416)	\$ (936,297)	\$ (4,880)	\$ 153,129

CASH
 UBOC - MONEY MARKET
 UBOC - GENERAL CHECKING

Prepared by LECG
 For Discussion Purposes Only

Yellowstone Club Liquidating Trust
Cash Receipts & Disbursements Activity
For the Quarter Ending 9/30/10

Check No.	Payee/Payor	Date	Amount	Purpose
<u>Receipts</u>				
	UBOC	07/30/10	\$ 18.07	July Interest
WIRE	TITLE COMPANY OF MONTANA	08/25/10	1,000,000.00	BSR Settlement Proceeds
	UBOC	08/31/10	17.35	August Interest
	UBOC	09/30/10	12.57	September Interest
Total Cash Receipts			<u>\$ 1,000,047.99</u>	
<u>Disbursements</u>				
<i>Operating Expenses</i>				
WIRE	MERRILL COMMUNICATIONS LLC	07/09/10	\$ (588.75)	Datasite Hosting Services
Subtotal			<u>\$ (588.75)</u>	
<i>Professional Fees</i>				
WIRE	MORTON FRASER	08/27/10	\$ (737.48)	Legal Fees and Expenses
WIRE	BULLIVANT HOUSER BAILEY	08/27/10	(1,248.50)	Legal Fees and Expenses
WIRE	JONES DAY	08/27/10	(18,406.02)	Legal Fees and Expenses
WIRE	LECG	08/27/10	(67,477.44)	Accounting / Litigation Support / Fees and Expenses
WIRE	MULLIN HOARD & BROWN	08/27/10	(73,351.22)	Expenses Advanced on behalf of the Trust
WIRE	BAILEY & GLASSER	08/27/10	(270,854.33)	Expenses Advanced on behalf of the Trust
WIRE	HOLLAND & HART	08/27/10	(499,342.65)	Legal Fees and Expenses
Subtotal			<u>\$ (931,417.64)</u>	
<i>Other Uses</i>				
3040	US TRUSTEE PAYMENT CTR	07/21/10	\$ (650.00)	Q2 US Trustee Fees
3041	US TRUSTEE PAYMENT CTR	08/25/10	(4,229.81)	Q2 US Trustee Fees
Subtotal			<u>\$ (4,879.81)</u>	
Total Cash Disbursements			<u>\$ (936,886.20)</u>	
Net Increase (Decrease) in Cash			<u>\$ 63,161.79</u>	
Beginning Cash Balance			<u>\$ 89,966.96</u>	
Ending Cash Balance			<u>\$ 153,128.75</u>	

Prepared by LECG
For Discussion Purposes Only